



Pete Sywenki
Director
Federal Regulatory Affairs

401 9th St, NW, Suite 400
Washington, DC 20004
Voice: 202 585 1921
Fax: 202 585 1896
pete.n.sywenki@mail.sprint.com

EX PARTE PRESENTATION

April 26, 2002

BY ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary, Federal Communications Commission
445 Twelfth St., SW
Washington, D.C., 20554

Re: Notice of Ex Parte Presentation - CC Docket No. 00-175 – In the Matter of 2000 Biennial Regulatory Review and CC Docket Nos. 96-149 and 96-61 – In the Matter of Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area and Policy and Rules Concerning the Interstate, Interexchange Marketplace

Dear Ms. Dortch:

The purpose of this letter is to provide Sprint's response to a staff inquiry in the above referenced matters. Sprint was asked about the advantage to a LEC vis-à-vis competitors in the provision of long distance service if the separate affiliate requirement was lifted and the LEC subsequently moved the POPs of its previous long distance affiliate to the LEC's end offices. The premise is that the LEC's long distance service would enjoy a transport cost advantage over its competitors equal to the difference between the LEC's internal transport cost and the access charges it levies on its competitors.

As a threshold matter, the fundamental problem highlighted in this scenario is with access charges well above the LEC's internal costs and not with the existence or absence of a separate affiliate requirement. Furthermore, this problem is not limited to transport, but extends to switching and any other access elements assessed on the LEC's competitors that are not cost based. In and of itself, a separate long distance affiliate requirement does nothing to resolve the fundamental problem. Whether the LEC or an affiliate provides the long distance service, the underlying economic cost of the firm remains the same. The proactive removal of implicit subsidies from access charges and adoption of pro-competitive policies to foster alternatives to incumbent LEC access, matters being addressed in separate proceedings, are the most effective means to resolve the problem.

For Sprint, as a national provider of long distance service, the significance of this problem varies from comparatively minor, as in the case of the independent LECs, to huge, as in the case of the BOCs. The principal competitive focus of Sprint is on other major, national long distance carriers, not the small long distance operations of independent LECs. Regarding long distance service provided in areas served by Sprint's local companies, any advantages Sprint's long distance operations may realize have no material significance since Sprint competes in the national market addressing the vast majority of customers that reside outside the small piece of the nation served by Sprint's local companies. In marked contrast, the BOCs have the size, scope, and wherewithal to undo long distance competition in their sizable and geographically concentrated regions, and the additional visibility of blatant price squeezes afforded by a separate affiliate requirement for the BOCs is a worthwhile safeguard. For the independent LECs, the subject of this proceeding, a separate affiliate requirement is unnecessary regulation. Congress wisely recognized this difference in establishing Sections 271 and 272 of the Act and applying these sections exclusively to the BOCs.

In accordance with FCC rules, this letter is being filed electronically in the dockets identified above. Please call me if you have any questions. Thank you.

Sincerely,

/s/

Pete Sywenki

cc: Claudia Pabo
Tom Navin
Carol Matthey